

Judge Glenn,

As a Celsius customer and, as a former Celsius Ambassador, I wanted to share some of my experiences with the Celsius product and how I feel about the recent Bankruptcy (and freezing) of my assets.

I began using Celsius to store crypto coins to accrue yield. I knew there were risks with any platform in which you must transfer your coins (as they say “not your keys, not your crypto”), however I analyzed the risk as minimal because Celsius was facilitating the lending of my crypto to other over collateralized borrowers. Reading through all their website information, and listening to Alex Mashinsky talk about the business, it seemed a worthwhile risk. As a matter of fact, I then became an Accredited Investor when Celsius removed the “earn accounts” for standard retail customers so that I could continue using this lower risk service for storing and growing my crypto assets.

Why? Because Celsius told everyone that everything was over collateralized (they have more than they need to pay us back!) and we could withdraw whenever we needed; their website reinforced this message. This was also stated again in April 2021 (in video format), just months before the asset freeze. Celsius CEO Alex Mashinsky answered a question (near and dear to my heart) about how Celsius would handle a “bank run” situation:

“A run on the bank cannot happen on Celsius because Celsius never lends more than what it has so at any moment we always have enough coins and enough collateral and so on to return all the assets to all of our users”

As we all know now, this was an absolute lie. Their company was tested in the exact scenario when users began withdrawing their assets due to a scare in the market; a “bank run” began just as the scenario prescribed and the end result was a freeze on all our assets and a Chapter 11 filing. This would be extremely unlikely if Celsius never lends more than it has and their borrowers were all over collateralized. It is now clear that the retail investors (and no doubt most investors in general) were not informed of the risky strategies Celsius was using to try to cover their promise on yield. It is clear that they were afraid to lose us as customers by showcasing smaller yields as new customers came on board and Celsius couldn’t meet the demand of lenders to that of actual borrowers. So, instead of losing us as customers (or allowing us to decide if we wanted lower yields because the service was over prescribed) they chose to fabricate a business strategy that was clearly not working in order to continue to gain additional customers and obtain more and more of our cash and crypto for themselves.

Before this, I was a believer. In June 2022, I became a Celsius Ambassador. I helped others in the crypto market make decisions on how to grow yield and return on assets they owned. I recommended Celsius to many individuals, even my wife (who now has 1,000 USDC stuck on the platform and isn’t happy with me). This week I resigned as a Celsius Ambassador when I asked the Ambassador Community (on Telegram) about some of the recent thoughts on some videos that came out that had quotes, like the above, from Alex.

A Celsius community representative by the name of “John Celsius” told me that the video clips were taken out of context, that he disagreed with them and if I wanted to talk further on the matter that I should Direct Message him on Telegram. A few minutes later I found myself banned from the community for continuing the disagreement. I received a Direct Message from John Celsius (in the image provided) stating that I was removed from the Ambassador chat and to setup a meeting with their Admins to review the situation.

After I saw how ambassadors were treated for bringing up information contrary to the narrative Celsius was spinning, it became clear I was not fit for the job of lying to the crypto community by representing such a company. I then resigned from this volunteer job given the toxicity of their handling of such matters to people that signed up to help them grow their business without fee or cost.

